

CLASSIFICATION **CONFIDENTIAL**
CENTRAL INTELLIGENCE AGENCY /
INFORMATION FROM
FOREIGN DOCUMENTS OR RADIO BROADCASTS

REPORT
CD NO.

50X1-HUM

COUNTRY China
SUBJECT Economic - Tax regulations
HOW PUBLISHED Daily newspaper
WHERE PUBLISHED Hong Kong
DATE PUBLISHED 1 Feb 1950
LANGUAGE Chinese

DATE OF INFORMATION 1950
DATE DIST. 3 Apr 1950

NO. OF PAGES 3

SUPPLEMENT TO
REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF ESPIONAGE ACT 50 U.S.C. 31 AND 32, AS AMENDED. ITS TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE Wen-hui Pao.

ADMINISTRATION COUNCIL REGULATES TAXATION

Pei-p'ing, 31 January, (Hsin-hua) -- The Administration Council has recently enacted measures governing tax administration for all China. The text indicates that the regulations are designed to standardize tax administration and establish a new tax system. The regulations include the following provisions:

1. To prepare the 1950 budget, it is necessary that tax administration activities be intensified and a uniform system of tax collection be instituted.
2. A proper distribution of the tax burden will be maintained between farmers and those engaged in industry and commerce, and between rural and urban areas.
3. At present there exists a great disparity in tax administration in the various parts of the country. Dissimilarities in such matters as types of taxes and tax rates will be adjusted as soon as possible and a uniform system adopted for the entire country.
4. The National Revenue Conference [held in Pei-p'ing in November 1949] decided on the following provisional list of taxes to be levied by the central and local governments.
 - a. Commodity tax
 - b. Industry and commerce tax (includes business and income taxes for factories, shops and stalls)
 - c. Salt tax
 - d. Customs duties
 - e. Tax on wage and bonus incomes
 - f. Tax on income derived from deposits and interest payments
 - g. Stamp tax
 - h. Inheritance tax

- 1 -

CLASSIFICATION		CONFIDENTIAL		DISTRIBUTION															
STATE	<input checked="" type="checkbox"/>	NAVY	<input checked="" type="checkbox"/>	NSRB															
ARMY	<input checked="" type="checkbox"/>	AIR	<input checked="" type="checkbox"/>	FBI															

CONFIDENTIAL

50X1-HUM

- i. Trade taxes (chiao-i shuei)
- j. Tax on slaughtered animals
- k. House tax
- l. Land tax
- m. Luxury tax (on banquets, entertainment, luxury foodstuffs, and hotels)
- n. License taxes (shih-yung p'ai-chao shuei)

5. Concerning tax legislation

a. The Administration Council of the Central People's Government will be responsible for the enactment, promulgation and enforcement of revenue laws and decrees which are national in scope. Local governments will be responsible for administering such regulations and may present their views in the form of resolutions for consideration by the Central Government. They may not alter the provisions of such laws on their own initiative without prior action by the central authorities.

b. Central revenue agencies will be responsible for enacting detailed provisions implementing tax regulations which are national in scope, subject to the approval of the Ministry of Finance of the Central Government. Local revenue control bureaus may enact measures governing tax collection, based on tax regulations promulgated by the Central Government. Such measures will be subject to the approval of the concerned regional administrative district government.

c. Tax legislation which is local in scope will be handled as follows:

Legislation considered within the jurisdiction of the hsien will be determined by the hsien governments and forwarded to the concerned provincial government for review. The province will in turn submit such legislation to the concerned regional government or military authorities for approval. Notification will also be forwarded to the Central Government.

Legislation falling within the jurisdiction of provinces or municipalities will be determined by their respective governments and forwarded to the concerned regional government for review. The regional government will in turn submit such legislation to the Central Government for approval.

6. The various levels of tax agencies will emphasize the collection of taxes in urban areas during appointed periods and the forwarding of cash proceeds of tax collection to the proper fund depository at the appointed times.

7. Public enterprises will be required in all cases to pay taxes based on the capitalization of each. Cooperatives will also be required to pay taxes.

8. Citizens of foreign countries residing in China, and enterprises under their management, must pay taxes in accordance with the laws of the People's Republic of China.

9. Tax agencies may mete out punishments or plan educational programs for individuals involved in tax violations, but excessive punishment or confiscation is strictly forbidden.

10. Each level of tax agency must institute the following systems:

- a. A strict system of requesting instructions and presenting reports.
- b. A fund report and transmission system, by which accounts are cleared with the concerned funds depository at designated intervals. A treasury system will be instituted in all areas in which a bank has been established, by which funds will be deposited at designated intervals.

- 2 -

CONFIDENTIAL

CONFIDENTIAL
CONFIDENTIAL

50X1-HUM

c. Various miscellaneous systems, such as accounting, inspection, rewards and punishments, conference and training.

d. A statistical system, which will emphasize research procedures in ascertaining business conditions, distribution of the tax burden, and effects of taxation policies on various aspects of the economy.

- E N D -

- 3 -

CONFIDENTIAL
CONFIDENTIAL